

August 6, 2002

To: Supervisor Zev Yaroslavsky, Chairman
Supervisor Gloria Molina
Supervisor Yvonne Brathwaite Burke
Supervisor Don Knabe
Supervisor Michael D. Antonovich

From: David E. Janssen
Chief Administrative Officer

STATE LEGISLATIVE UPDATE

State Budget Update

Last night Democrats in the Assembly took up 700 pages of amendments to SB 1835 that they claimed would balance the State budget without a tax increase. Democrats claimed that in the absence of a Republican proposal to solve the budget shortfall, they were forced to develop a “proxy” budget based upon budget reductions proposed by Republican leaders or the Legislative Analyst’s Office, as well as reduced Proposition 98 funding due to less State revenue. Republicans objected to what they claimed was a “political drill” that did not reflect their position and called for negotiations with the Governor.

While the \$3.7 billion in budget cuts would have affected every area of the budget, the single biggest reduction would have been \$1.5 billion in Proposition 98 funding for schools. Republicans pointed out that they had never proposed such a cut in education funding and would have made deeper cuts in other areas of the State budget to avoid the reduction in education funding. As compared to the budget passed by the Senate and pending in the Assembly, the loss of funding to the County would have risen from \$131 million to over \$300 million, primarily from the reimposition of many of the Governor’s cuts restored by the Legislature, as well as elimination of the State’s 1115 waiver payment to the County.

After hours of debate, Democrats voted “no” and Republicans abstained, leaving matters as stalemated as before.

In an effort to break the impasse, Speaker Herb Wesson today proposed increasing taxes on cigarettes by \$2.13 to \$3 a pack. In the May Revision, the Governor proposed an increase of 50 cents which the Legislature increased to 67 cents in AB 425. According to the Speaker's media release, which is attached, the increase would raise \$1.7 billion and replace the temporary increase in the motor vehicle license fee in the Senate-approved budget plan. Moreover, because it would be a permanent increase, it would reduce the projected budget deficit in future years. **The Speaker has requested that local governments support his proposal, which will be taken up in the Assembly this afternoon.**

Subsequently, the Governor issued a statement indicating that he supports the Speaker's proposal. According to the Governor's office, the delay in adopting a budget is costing the State \$5 million a day because they cannot implement the cost-saving measures in the budget plan approved by the Senate.

The Assembly was scheduled to meet today at 10:00 a.m. but did not begin until mid-afternoon when it took up the Speaker's proposal.

The Senate, well rested after a month recess, notified its members that despite the fact that the Joint Rules set August 31 as the adjournment date, the actual date that the 2001-02 Session ends is November 30, 2002. Urgency bills, statutes calling elections, tax levies, or appropriations for the usual current expenses of the state, can be taken up and passed after the August 31 deadline because they go into effect immediately and are not subject to referendum. However, they must be passed no later than November 15 to allow the Governor twelve days to sign or veto and three days for the Legislature to consider an override.

Status of County-interest Legislation

County-supported SB 510 (Scott), which would make it a misdemeanor to knowingly possess weapons - including replica weapons, parts of weapons, ammunition, unauthorized tear gas weapons, any taser or stun gun, or any instrument that expels a metallic projectile such as marker guns and paint guns - within a secured area of an airport where the access is controlled by inspection or inspections are conducted, was amended on July 29, 2002. The amendment defines the airports affected by SB 510 as well as the meaning of "sterile area", and clarifies that this bill does not affect the current system which allows passengers to transport weapons in luggage that has been checked in. SB 510 is scheduled to be heard in the Assembly Appropriations Committee on August 7, 2002.

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We will continue to keep you advised of any new developments.

DEJ:GK
ML:JR:md

Attachment

c: Executive Officer, Board of Supervisors
 County Counsel
 All Department Heads
 Legislative Strategist
 Local 660
 Coalition of County Unions
 California Contract Cities Association
 Independent Cities Association
 League of California Cities
 City Managers Associations
 Buddy Program Participants